

Health Care Finance and Administration	Section: Categories of Eligibility
Policy Manual Number: 115.015	Chapter: Institutional Medicaid

INSTITUTIONAL MEDICAID

Legal Authority: 42 CFR 435.236; 42 CFR 435.1005; 42 CFR 435.1008; 42 CFR 435.1009; 42 CFR 435.520; TennCare 1115 Medicaid Demonstration

1. Policy Statement

Medicaid benefits and potentially Long-Term Services & Supports (LTSS) payments are available to eligible individuals receiving nursing facility (NF) care (regardless of age) provided they are not:

- An inmate of a public institution; or
- A patient in an Institution for Mental Disease (IMD), unless he or she is
 - Under age 22 and receiving inpatient psychiatric services; or
 - At least 65 years of age.

LTSS payments are available for individuals receiving nursing facility (NF) care and approved for CHOICES. Individuals in a NF approved for Institutional Medicaid based on 30 day continuous confinement will not receive LTSS payments. Medicaid benefits and LTSS payments are available for aged adults and physically disabled adults (age 21 and older) when approved for and receiving CHOICES HCBS services, and individuals of all ages with Intellectual and Developmental Disabilities (I/DD) who are eligible for and receiving Employment and Community First (ECF) CHOICES services.

2. Definitions

- a. **Aged:** Individuals age 65 or older.
- b. **Blind:** Individuals who have been determined to be legally blind by the Social Security Administration (SSA).
- c. **Disabled:** Individuals who have been determined to be disabled by the SSA. Generally, SSA considers an individual disabled when he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to last for a continuous period of not less than 12 months.

An individual who has not been determined to be disabled by SSA may qualify for Institutional Medicaid on the basis of disability if the individual:

- meets the medical (level of care) criteria for CHOICES;
- has been admitted to a NF and is continuously confined in a medical institution (i.e. hospital, NF, or Intermediate Care Facility for Individuals with Intellectual Disabilities (ICF/IID)) for at least 30 days;
- receives hospice services in a nursing facility for any length of time; or
- has died in a nursing facility or ICF/IID prior to 30 days of continuous confinement.

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3. Non-Financial Eligibility Requirements

a. Age

To be eligible as aged, an individual must be age 65 or older. There is no age requirement for individuals who are eligible on the basis of disability or blindness.

b. Citizenship

An individual must be a U.S. Citizen, a U.S. National or eligible immigrant. Individuals are not required to provide documentary evidence of citizenship or national status if they are entitled to or enrolled in any part of Medicare, entitled to or receiving SSI or Social Security disability benefits.

c. Enumeration

An individual must possess and provide a valid Social Security Number (SSN) or proof of application, unless he or she meets an exception.

d. State Residence

An individual must be a resident of Tennessee. Individuals placed by an agency of the State of Tennessee in an institution out of state are still considered Tennessee residents. See the *ABD State Residence* policy.

e. Institutional Status

An individual must have an institutional status to be eligible for the Institutional Medicaid category. See the *Institutional Status* policy.

4. Financial Eligibility Requirements

a. Household Composition

Household composition for the Institutional Medicaid category is based on the principal of the financially responsible relative (FRR). See the *ABD Financially Responsible Relatives* policy.

b. Resources

Eligible individuals must have countable resources below the Institutionalized Medicaid Aged, Blind and Disabled resource standard. The resource standard is \$2,000.

The resources of an individual's spouse or of an institutionalized child's parent(s) may be deemed available to the individual. See the *ABD Deeming of Income and Resources* policy.

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All individuals with a spouse must have a Resource Assessment made prior to receiving an eligibility determination in the Institutional Medicaid category. Resources owned individually or jointly by members of a married couple are considered in the Resource Assessment, and will determine the community spouse's resource maintenance amount. See the *Resource Assessment* policy.

Countable and excluded resources are determined using the ABD resource methodology as defined in the legal authority that governs Supplemental Security Income (SSI) eligibility. See the *ABD Countable and Excluded Resources* policy.

c. Income

i. General Rule

Individuals must have countable income below the Medicaid Income Cap (MIC). The MIC is 300% of the SSI Federal Benefit Rate (SSI-FBR), a number which is annually updated by the SSA.

Income eligibility is determined by comparing the individual's gross income to the MIC. If gross income is equal to or less than the MIC, the individual is income-eligible in the Institutional Medicaid category. If gross income is greater than the MIC, the individual will be provided with the opportunity to establish a Qualified Income Trust (QIT). A QIT is a specific type of trust used only to establish Medicaid eligibility, in which an individual places certain types of monthly income. Once a QIT is established, the individual's income eligibility is tested again to determine income eligibility. See the *Qualified Income Trust (QIT) or Miller Trust* section in the *ABD Trusts* policy.

ii. MIC

The MIC is \$2,313, effective 01/01/2019.

iii. Budgeting Process, based on Household Composition

- **Adult Individual with No Spouse or Spouse is Institutionalized**

Income eligibility for an adult individual with no spouse, or who has a spouse who is already institutionalized, is determined based on the individual's income only.

- **Adult Individual with a Community Spouse**

Income eligibility for an adult individual with a community spouse is determined based on the applying individual's income only. The community spouse's income is considered post-eligibility when determining the appropriate Community Spouse Income

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Maintenance Allowance and Dependent Income Maintenance Allowance. This may include individuals where the community spouse is eligible for and receiving HCBS.

- **Individual is a Dependent Child and Lives with Parents (prior to institutionalization or application for HCBS)**

If the individual is a dependent child (under age 18), income from the individual's FRRs is deemed available to him or her when determining income eligibility until the child applies for LTSS. No income is deemed available to him or her when determining income eligibility after application for LTSS has been made, unless a child under 18 is determined eligible at an "At Risk" for nursing facility Level of Care and is requesting HCBS services in the Employment and Communities First (ECF) program.

d. Income Budget

i. Income Eligibility Budget without Consideration of a QIT

Income eligibility is first determined for the individual without consideration of a QIT. This is necessary in order to determine if the individual needs to establish a QIT to become income-eligible. If the individual passes the initial budget, it is not necessary for him or her to establish a QIT.

A. Total Gross Unearned Income Computation

Total Countable Unearned Income (other than Child Support)
 + Deemed Income from Parent(s)
 + Countable Child Support (use 1/3 reduction if all reduction requirements are met. See ABD Unearned Income policy)
 = Total Gross Unearned Income

B. Total Gross Earned Income Computation

Total Countable Earned Income
 + Self-Employment Income
 = Total Gross Earned Income

C. Countable Income Computation

Total Gross Unearned Income
 + Total Gross Earned Income
 = Total Gross Countable Income

If Total Countable Income is less than the MIC (\$2,313), then the individual is income eligible in the Institutional Medicaid category. If Total Countable Income is greater than the MIC, the individual is ineligible.

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ii. Individual Fails the Income Eligibility Determination

If the individual fails the income eligibility determination, then the individual must be provided with the opportunity to establish a QIT. If the individual is able to establish a QIT, his or her income eligibility will be tested again using the budget below.

Income Eligibility Determination with a QIT

$$\begin{array}{r}
 \text{Total Gross Countable Income} \\
 - \text{ QIT Allocation (Total of all monthly income placed in QIT)} \\
 = \text{ Result}
 \end{array}$$

If the result is less than the MIC, then the individual is income eligible in the Institutional Medicaid category. If the result remains greater than the MIC, the individual is ineligible or must allocate additional income into the QIT, if possible.

5. Example Budgets

a. Income Eligibility Budget Without Consideration of a QIT

Jerry Mason is 70 years old and lives in a nursing home. He earns \$700 in Social Security per month, as well as \$300 per month in royalties. Since his monthly income total is below MIC, he does not need a QIT.

i. Total Gross Unearned Income Computation

$$\text{Total Gross Unearned Income} = \$700$$

ii. Total Gross Earned Income Computation

$$\text{Total Gross Earned Income} = \$300$$

i. Countable Income Computation

$$\begin{array}{r}
 \$700 \text{ Gross Unearned Income} \\
 + \text{ \$300 Gross Earned Income} \\
 = \$1,000 \text{ Total Gross Income}
 \end{array}$$

Mr. Mason's total gross income is less than the MIC, so he is income-eligible for Institutional Medicaid.

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b. Income Eligibility With Consideration of a QIT

Jerry Miller is 70 years old and lives in a nursing home. He earns \$3,200 in Social Security per month, as well as \$2,000 in pension and \$180 in wages from activities related to Title V of the Older Americans Act of 1965.

i. Total Gross Unearned Income

$$\begin{aligned}
 &\$3,200 \text{ Social Security income} \\
 &+ \text{ \$2,000 Pension} \\
 &= \$5,200 \text{ Total Gross Unearned Income}
 \end{aligned}$$

ii. Total Gross Earned Income

$$\text{Total Gross Earned Income} = \$180 \text{ Wages}$$

iii. Countable Income Computation

$$\begin{aligned}
 &\$5,200 \text{ Total Gross Unearned Income} \\
 &+ \text{ \$180 Total Gross Earned Income} \\
 &= \$5,380 \text{ Total Gross Countable Income}
 \end{aligned}$$

Mr. Miller's income is greater than the MIC, so he must establish a QIT in order to become income-eligible for Institutional Medicaid. Mr. Miller places all of his Social Security benefit in a QIT (\$3,200).

$$\begin{aligned}
 &\$5,380 \text{ Total Gross Countable Income} \\
 &- \text{ \$3,200 Monthly QIT Allocation} \\
 &= \$2,180 \text{ Total Countable Income}
 \end{aligned}$$

Mr. Miller's income is under the MIC, so he is income eligible for Institutional Medicaid.

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